

Message Text

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PAGE 01 KUWAIT 02062 270931Z

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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R 270908Z APR 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 5221

S E C R E T KUWAIT 2062

EXDIS

E.O. 11652: GDS

TAGS: ETRD KU

SUBJ: GOK LETTER TO GENERAL MOTORS

REF: STATE 91635

1. APART FROM REFTEL WE HAVE NOT HEARD ABOUT GOK LETTER THREATENING BOYCOTT OF GENERAL MOTORS. WE HAVE NOT RPT NOT MENTIONED THIS TO ANYONE AT AL-GHANIM OR TO ANYONE ELSE IN TOWN WHO WOULD LIKELY KNOW ABOUT IT. HOWEVER, IF AL-GHANIM HAS FORWARDED LETTER TO GM AND CONSIDERING GM'S ACKNOWLEDGEMENT THAT DIESEL ENGINES SOLD THROUGH ITS DISTRIBUTORS IN ISRAEL HAVE MILITARY USES, GOK ACTION PROBABLY HAS BEEN TAKEN, ALBEIT RATHER QUIETLY.

2. WE AGREE WITH DEPARTMENT THAT UTMOST DISCRETION IS REQUIRED AT THIS STAGE SINCE PUBLIC DISCLOSURE WOULD HARDEN KUWAIT BOYCOTT OFFICE POSITION. THAT OFFICE IS ANNOYINGLY EFFICIENT IN PROCESSING LETTERS SUCH AS THE ONE RECEIVED BY GM. POSSIBLE THAT GOK ACTION WAS RELATED SOMEHOW TO DECISIONS TAKEN AT RECENT ARAB BOYCOTT CONFERENCE IN ALEXANDRIA. WE HAVE OBSERVED, HOWEVER, THAT "WARNING LETTERS" ARE MUCH MORE COMMON THAN ACTUALLY MOVING TO PLACE A COMPANY ON BOYCOTT LIST. IN RECENT PAST SUCH LETTERS HAVE GONE TO CHASE MANHATTAN BANK, IRVING TRUST COMPANY AND GENERAL ELECTRIC. IT SHOULD BE NOTED HOWEVER THAT, AS FAR AS WE KNOW, THOSE US COMPANIES DID REPLY TO WHAT WE UNDERSTAND WERE LETTER OF INQUIRY. THEY DID NOT NECESSARILY ANSWER EVERY QUESTION DIRECTLY OR COMPLETELY.

SECRET

SECRET

PAGE 02 KUWAIT 02062 270931Z

3. IT IS POSSIBLE THAT SOMEONE IN BOYCOTT OFFICE IS TRYING TO

DEPRIVE AL-GHANIM OF ITS PROFITABLE GM OPERATION. THERE ARE MANY PEOPLE IN KUWAIT WHO FOR ONE REASON OR ANOTHER DISLIKE OR RESENT KUTABYA AL-GHANIM, THE COMPANY'S PRESIDENT. SHOULD BE NOTED THAT ANY ACTION AGAINST GM WOULD ALSO AFFECT ANOTHER VERY POWERFUL BUSINESS FAMILY, THE BEBEHANIS, WHO ARE THE BUICK AND GMC TRUCK DISTRIBUTORS HERE.

4. CONSIDERING THE POSITION OF THE AL-GHANIMS AND THE BEBEHANIS IN KUWAIT, AND CONSIDERING THE STRENGTH AND IMPORTANCE OF GM ITSELF, WE TEND TO DOUBT THAT A SERIOUS ATTEMPT WILL BE MADE TO BOYCOTT THE COMPANY ON AN ARAB-WIDE BASIS. WE ARE SOMEWHAT CONCERNED, HOWEVER, THAT IF THE COMPANY COMPLETELY IGNORES THE GOK LETTER IT WILL INDEED RUN AFOUL OF THE BOYCOTT ON A TECHNICAL ISSUE THAT COULD COMPLICATE ITS DOING BUSINESS HERE. DEPARTMENT MAY WISH TO CONSIDER AUTHORIZING US TO DISCUSS MATTER WITH TWO OR THREE KEY PEOPLE (BEBEHANI, AL-GHANIM AND AL-GHAMIN'S LAWYER FUAD ABU ZAYYAD) WHO COULD BE TRUSTED TO KEEP THE MATTER QUIET. WE THINK WE MAY BE ABLE IN THIS MANNER TO OBTAIN A CLEARER INSIGHT INTO WHAT ACTION THE GOK MAY TAKE AND HOW GM MAY BEST PROTECT ITS INTEREST HERE.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESS FIRMS, BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 APR 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUWAIT02062
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760160-0297
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760419/aaaaaplcltel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 76 STATE 91635
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2004 by BoyleJA>; APPROVED <18 OCT 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOK LETTER TO GENERAL MOTORS
TAGS: ETRD, KU, GENERAL MOTORS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006